

AR52

MATTAGAMI LAKE MINES LIMITED

(NO PERSONAL LIABILITY)

annual report 1972

MATTAGAMI LAKE MINES LIMITED

(No Personal Liability)



Mattabi Mines, near Ignace, Ontario

ANNUAL MEETING — Mattagami Lake Mines Limited. Le Chateau Champlain, Montreal, Quebec, on Wednesday the 11th day of April, 1973, at 11:00 o'clock in the forenoon (Montreal time).

MATTAGAMI LAKE MINES LIMITED *(Incorporated under the laws of Quebec)*
(NO PERSONAL LIABILITY)

Head Office: MATAGAMI, QUEBEC

EXECUTIVE OFFICE:

4500 Commerce Court West, Toronto, Ontario

MINE OFFICE:

Matagami, Quebec

MANAGER:

CAMILLE MARCOUX

AUDITORS:

PEAT, MARWICK, MITCHELL & CO.

Toronto, Ontario

REGISTRAR AND AGENT:

CANADA PERMANENT TRUST COMPANY

Vancouver, Calgary, Saskatoon, Winnipeg, Toronto,
Montreal, St. John, N.B., Halifax, Charlottetown,
St. John's, Nfld.

SOLICITORS:

MILLER, THOMSON, SEDGEWICK, LEWIS &
HEALY

BANKERS:

CANADIAN IMPERIAL BANK OF COMMERCE

DIRECTORS:

M. W. AIRTH Toronto

J. M. R. CORBET Toronto

R. G. DUTHIE Vancouver

J. A. HALL Toronto

N. B. KEEVIL Toronto

R. LETOURNEAU Quebec

T. H. McCLELLAND Vancouver

J. B. REDPATH Toronto

W. S. ROW Toronto

W. DENT SMITH Wilmington

OFFICERS:

W. S. ROW President

J. A. HALL Executive Vice-President

T. H. McCLELLAND Vice-President

M. W. AIRTH General Manager

R. C. ASHENHURST Secretary and Treasurer

B. C. BONE Assistant Treasurer

B. H. GROSE Assistant Secretary

REPORT OF THE DIRECTORS

To the Shareholders:

This report covers operations of the Mattagami Mine for the full year and of the 60% owned Mattabi Mine for the last five months of the year.

Consolidated net income for 1972 was \$14,340,000 or \$2.17 per share including an extraordinary item amounting to \$1,891,000 or \$0.29 per share. The extraordinary item resulted from the sale of the open pit portion of an orebody above an elevation of 1,093 feet above sea level (to a depth of approximately 360 feet) lying immediately north of a common boundary with Sturgeon Lake Mines, in the Sturgeon Lake area of northwestern Ontario. The \$1,891,000 is net of taxes and write-off of the development cost previously deferred.

The financial statements of Mattabi Mines Limited (60% owned) and St. Lawrence Fertilizers Limited (62.5% owned) are consolidated with those of the Company for the first time and the results are not directly comparable to the earnings of \$5,737,403 or \$0.87 per share in 1971. Net income for the Mattabi Mine, which commenced production on August 1, was \$4,417,780. The net loss at St. Lawrence Fertilizers for 1972 was \$22,800.

Net income in 1972 also benefited by \$2,564,000 from a change in the depreciation charged. The undepreciated costs of the fixed assets at the mine and zinc plant at January 1, 1972 are being written off over 7 years and 10 years respectively.

Interim dividends of 30¢ per share were paid quarterly, the same as in 1971.

AT THE MINE

Tonnage milled was some 16,000 less than in 1971. The 191,934 tons of zinc concentrate shipped included 19,800 tons carried over from the previous year.

ZINC REDUCTION PLANT

Reflecting good markets, the plant operated at capacity to produce a record 144,960 tons of slab zinc. Cadmium production more than doubled due to processing an intermediate product which accumulated in 1971 when the market was weak.

It has been decided to increase plant capacity from 400 to 620 tons per day at a cost in excess of \$30 million. This cost will include several million dollars for improvements in the present facilities. To better reflect the present and long-term capabilities of the owners to supply concentrates, the interests of the owners in the larger plant will be Mattagami 51.7%; Orchan 15.8%; Kerr Addison 9.8%; and Noranda 22.7%. It is expected that the additional production will start by mid-1975.

St. Lawrence Fertilizers operated at full capacity. Production of sulphuric acid and phosphate fertilizers was substantially higher and prices for the fertilizers have improved so that the net loss for the 12 months to December 31st was \$22,800, compared to \$728,000 loss in 1971. With continued improvement in prices St. Lawrence Fertilizers should show a modest profit in 1973.

MATTABI MINES LIMITED

The highlight of the year was the advent of production at a rate of 3,000 tons per day by the Mattabi Mine, owned 60% by Mattagami and 40% by the Abitibi Paper Company Ltd. Regular production started in August and the results of five months of production (August-December) are reflected in the Consolidated Financial Statements of Mattagami.

The cost of bringing Mattabi into production exceeded the estimate by about 3%. Arrangements had been made with two chartered banks to provide loans of \$39 million for capital expenditures and \$3.5 million for working capital. With an abundant supply of zinc concentrate on a world-wide basis, zinc smelters have revised their terms and payments are made much later than when financing of the Mattabi Mine was arranged. This created a need for some additional working capital. To provide this working capital and the project overrun, arrangements have been made for a further \$5 million in bank loans.

OUTSIDE EXPLORATION

Mattagami's principal exploration effort continued to be centred in the Sturgeon Lake area of Ontario with the remainder of the work being spread over New Brunswick, Quebec, Manitoba and other parts of Ontario. Details of the results in the Sturgeon Lake area are given in the Report of the General Manager.

Expenditures for exploration in 1972 were \$833,000. The budget for 1973 is tentatively \$850,000.

METAL MARKETS

Zinc

World consumption reached a record 4.7 million tons in 1972 and metal production was at capacity from mid-year. Another major U.S. reduction plant was closed and although 211,000 tons were released from the U.S. stockpile producer stocks fell 109,000 tons.

The outlook is promising with continued growth world-wide in galvanizing and brass and evidence of a sharp up-turn for die casting in the United States where the automotive industry is once again swinging back to zinc.

The overseas producer price basis increased from the equivalent of 17¢ U.S. to 18 2/5¢ U.S. in November. Prices in the United States and Canada rose 1¢ in March to 18¢, the ceiling under U.S. Phase 2 price controls, then to 19¢ in May and 19 1/2¢ in November in Canada and for the Valleyfield plant's sales in the U.S. In December two U.S. producers were permitted cost justified increases to 18 1/2¢ and in January when Phase 2 price controls terminated, further U.S. price increases resulted in a range of prices from 19¢ to 19 1/2¢.

Copper

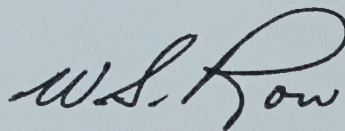
Buoyant conditions in the United States and Japan led to an 8% rise in consumption in 1972 with the prospect of this continuing through 1973. As a result, the anticipated copper surplus did not develop and by year-end there was evidence of some tightening in supply, particularly in the United States.

During 1972, the London Metal Exchange price remained in the 45-48¢ range except for brief surges to 53¢ in March and 50¢ in September. However, in January 1973 it rose sharply to 53¢ compared to 48¢ in December and a low of 45¢ in November. The U.S. producers' price was 52 1/2¢ in February, 50 1/2¢ in July and early in the New Year was twice increased to 53¢ and 56¢. In Canada the price was 52 3/8¢ in February, 52 1/2¢ in May, 51 1/4¢ in June, 49 3/4¢ in July, 50 1/2¢ in December and followed the U.S. price to 53¢ in January and 56¢ in February.

The Directors express to Mr. Camille Marcoux, Manager of Mattagami Lake Mines and to Mr. John C. White, Manager of Mattabi Mines and to their staffs and all employees their appreciation for their competence in discharging their duties during the past year.

Mr. K. H. Heino, formerly Manager of Canadian Electrolytic Zinc has been moved to Toronto becoming Consultant Metallurgist, and has been succeeded by Mr. Alex Balogh. The Directors express to both these men, their staff and all employees their appreciation for the rate of production achieved in the past year.

On behalf of the Board,



President.

Toronto, Ontario,
February 20, 1973.

REPORT OF THE GENERAL MANAGER

Gentlemen:

Operations at the property during the year ended December 31, 1972 and other developments in which the Company is interested, are reviewed in the following report.

Production	1972	1971
Ore milled — dry tons	1,370,167	1,386,160
Daily rate	3,744	3,798
Calculated grade of ore milled		
Zinc — %	7.4	9.3
Copper — %	0.56	0.62
Gold — Oz/ton	0.017	0.019
Silver — Oz/ton	0.88	1.07
Zinc concentrate produced		
Short dry tons	172,134	221,660
Grade — % zinc	52.2	52.5
Copper concentrate produced		
Short dry tons	23,007	32,057
Grade — % copper	23.7	20.0
Gold — Oz/ton of concentrate	0.137	0.148
Silver — Oz/ton of concentrate	7.62	8.62

The zinc concentrate was shipped to the Canadian Electrolytic Zinc plant at Valleyfield, Quebec, to Quebec City for export overseas, and to the United States. Total shipments of zinc concentrates for the year amounted to 191,934 tons which includes 19,800 tons carried over from 1971.

All copper concentrate was shipped to the smelter of Noranda Mines Limited.

MILLING

The mill operated 97.04% of the possible time and tonnage treated was much the same as in 1971.

Metal recoveries were as follows:

	1972	1971
Zinc — %	88.6	90.1
Copper — %	71.5	74.0

Lower recoveries were the result of encountering some oxidized backfill in mining pillar stopes as well as more than normal amounts of talc in the ore.

A significant increase in the grade of the copper concentrate was made during the year and this trend is continuing. Constant searching for improved treatment methods is holding the line against continually rising labour and material costs.

MINING

Mine development continued on stope and pillar preparation in the No. 1 orebody, largely below the 750-

foot level. Several conventional slusher scam stopes were converted to the load-haul-dump type of operation.

Mining of both No. 1 and No. 2 orebodies continued with 22% of the mill feed coming from No. 2 orebody.

Primary development and stope preparation was carried out at a pace necessary to replace ore mined.

Extension rod drilling totalled 616,993 feet of two-inch holes. At year-end there was a drilled off tonnage of 2,424,000 tons of ore grading 7.9% zinc and 0.61% copper. Much of this footage was done in pillars which must be completely drilled off prior to blasting.

ORE RESERVES

Proven ore reserves, calculated to mining outline, and without allowance for dilution, are as follows:

	Tons	% Zinc	% Copper	Gold Oz/ton	Silver Oz/ton
No. 1 Orebody	13,618,950	8.9	0.67	0.012	1.08
No. 2 Orebody	979,977	9.3	0.69	0.012	1.07
Total	14,661,927	8.9	0.67	0.012	1.08

Ore reserves show a depletion of 1,231,233 tons after milling 1,370,167 tons, and the addition of 138,934 tons of lower grade material.

FILLING

405,000 tons of classified mill tailings were placed for backfilling mined out stopes during the year. By year-end a total of 5,456,000 tons of backfill had been introduced into empty underground workings. There are presently 43 filled stopes and 4 in the process of being filled.

PILLAR EXTRACTION

Pillar ore made up 31.8% of total ore mined during 1972. To date, of the 54 ore blocks mined, 15 have been pillars. Four of these pillars have been blasted between non-consolidating backfill, and three have been recovered by the load-haul-dump method.

PERSONNEL

The average number of employees for 1972 was 434, 27 fewer than the average for the previous year.

Operating efficiency showed some improvement and stood at 12.7 tons milled per manshift worked on the property.

Personnel turnover increased somewhat to 4.3% from 3.1% per month in 1971. At year-end 79% of our employees had a seniority of one year or more, compared to 85% for the 1971 year-end.

There has been a further improvement in the prevention of injuries. There were 5 compensable injuries in 1972 compared with 6 in 1971. The compensable rate at

year-end stood at 5.8 per million manhours compared with 15.2 for the mining industry in the province.

MATTAGAMI MINES LIMITED

This company, owned 60% by Mattagami Lake Mines Limited and 40% by Abitibi Paper Company Ltd. commenced mill tune-up July 3, 1972 as planned, and for the balance of that month the mill operated at varying rates on low grade material. Full operating rate of 3,000 tons per day was achieved July 31, 1972. August 1, 1972 was the commencement of production and by December 31, 1972 the mill had treated 438,838 tons of ore grading 11.97% zinc, 1.27% copper, 1.27% lead, 0.007 oz. of gold per ton and 4.99 oz. of silver per ton. Average daily operating rate during this 5-month period was 2,868 tons.

Production of concentrates was as follows:

Zinc concentrate — 80,378 tons grading 55.14% zinc
Copper concentrate — 17,818 tons grading 24.03% copper
Lead concentrate — 2,744 tons grading 36.0% lead.

The zinc circuit is running well and largely up to expectation but much work remains to be done on the copper and lead circuits.

The open pit operated in a normal fashion and 1,370,000 tons of ore and waste were handled in the 5-month period, August to December, 1972.

At year-end 271 employees were on the payroll of whom about 100 were living in married accommodation in the town of Ignace, and the remainder, being single status, largely at the mine.

There was no change to previously reported ore reserves of 12,866,000 tons grading 7.60% zinc, 0.91% copper, 0.84% lead and 3.13 oz. of silver and 0.007 oz. of gold per ton, except that this figure has been reduced by the tonnage milled from August to December as shown above.

The mine was officially opened on September 14, 1972 by The Honourable Leo Bernier, Minister of Natural Resources for the Province of Ontario.

EXPLORATION AND DEVELOPMENT

At year-end Mattagami Lake Mines sold to Falconbridge Copper Mines the Mattagami portion of the orebody which straddled the common boundary between Mattagami's wholly-owned Claim Group No. 23 in the Sturgeon Lake area and the ground to the south of the boundary upon which Sturgeon Lake Mines had been formed. The purchase price was \$3,000,000 and other considerations. The portion sold contained some 425,000 tons of ore amenable to mining by open pit methods. The remainder of the orebody on the Mattagami side, some 400,000 tons below the bottom of the planned open pit and on the sides, remains in Mattagami's possession and most likely will be mined by underground methods at a later date.

In February, 1972 another orebody was discovered on Mattagami's wholly-owned Claim Group No. 23. Known

as the Creek Zone it lies midway between the boundary zone described above and the Lyon Lake zone discovered in October, 1971.

Tonnages and grades in these two orebodies are as follows:

	Tons	Gold oz/ton	Silver oz/ton	% Zinc	% Copper	% Lead
Lyon Lake Zone	1,097,000	.007	2.96	6.81	1.03	0.59
Creek Zone	908,000	.019	4.71	8.84	1.66	0.76

Additional drilling remains to be done on these orebodies.

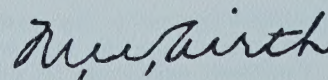
GENERAL

The population of the town of Matagami has continued to grow due to the feverish development of the James Bay project and has caused an extremely tight housing situation. As a result of this project the paving of the Amos-Matagami highway has been largely completed, a 6,000-foot paved runway and air terminal building were placed in operation during the year, a permanent bridge across the Bell River at the town was opened to traffic, and 160 miles of road north from Matagami was made ready for winter use.

Employees continued to participate actively in the curling and golf clubs as well as in the employees recreation club. These organizations have contributed in no small way to the harmonious relations that exist between the mine and its employees.

I wish to acknowledge with thanks the assistance and unfailing support received from the President, Officers and Directors of the Company throughout the year.

Also I record with pleasure the hard work, loyalty and full cooperation received from Mr. Camille Marcoux, his staff and employees of Mattagami Lake Mines Limited, Mr. J. C. White, Manager, his staff and employees of Mattagami Mines Limited and Mr. J. D. Harvey, Manager of Exploration and his staff.



M. W. AIRTH, P.Eng.,
General Manager.

Toronto, Ontario,
February 16, 1973.

CONSOLIDATED STATEMENT OF NET INCOME AND RETAINED EARNINGS
Year ended December 31, 1972

	<u>1972</u>	<u>1971</u>
	(in thousands)	
Revenue from production	\$ 52,082	35,412
Expense:		
Costs of production	23,528	18,544
Administrative and corporate	441	481
Exploration	833	785
Depreciation (note 2)	3,928	4,499
Amortization	1,112	600
Interest (note 6)	1,417	248
	<u>31,259</u>	<u>25,157</u>
	20,823	10,255
Other income	494	522
	<u>21,317</u>	<u>10,777</u>
Income and production taxes (note 5)	7,116	5,311
	<u>14,201</u>	<u>5,466</u>
Minority interest in profits (losses) of subsidiaries	1,752	(271)
Net income before extraordinary item	<u>12,449</u>	<u>5,737</u>
Extraordinary item — gain on sale of mining claims (net of \$873,000 income tax)	1,891	—
Net income for the year	<u>14,340</u>	<u>5,737</u>
Retained earnings at beginning of year	37,872	40,067
	<u>52,212</u>	<u>45,804</u>
Dividends paid	7,935	7,932
Retained earnings at end of year	<u>\$ 44,277</u>	<u>37,872</u>
Earnings per share:		
Before extraordinary item	\$ 1.88	0.87
After extraordinary item	<u>\$ 2.17</u>	<u>0.87</u>

See accompanying notes to consolidated financial statements.

MATTAGAMI LAKE MINES LIMITED *(Incorporated under the laws of Quebec)*

(NO PERSONAL LIABILITY)

and Subsidiaries

CONSOLIDATED BALANCE

ASSETS

	1972	1971
	(in thousands)	
Current assets:		
Cash and short-term deposits	\$ 14,511	8,881
Marketable shares, at cost (market value \$2,279)	1,926	—
Accounts and settlements receivable	7,474	4,721
Inventories — mine products at estimated net realizable value, other inventories at the lower of cost and net realizable value	20,748	12,893
Prepaid expenses and mine stores	2,392	1,753
	<u>47,051</u>	<u>28,248</u>
 Fixed assets (notes 2 and 7):		
Property, plant and equipment, at cost	85,994	70,402
Less accumulated depreciation	34,240	30,485
	<u>51,754</u>	<u>39,917</u>
Mining property and rights, at cost	5,368	5,368
	<u>57,122</u>	<u>45,285</u>
 Other assets:		
Investments, at cost less amounts written off	2,273	2,452
Preproduction and deferred development expenditures, at cost less amounts written off	7,507	7,224
Other	2,012	527
	<u>11,792</u>	<u>10,203</u>
	 <u><u>\$ 115,965</u></u>	 <u><u>83,736</u></u>

See accompanying notes to consolidated financial statements.

HEET — DECEMBER 31, 1972

LIABILITIES

	1972	1971
	(in thousands)	
Current liabilities:		
Bank loans (note 3)	\$ 3,235	—
Accounts payable and accrued liabilities	5,161	5,921
Income and production taxes payable (note 5(a))	3,655	1,593
Current portion of long-term debt	8,008	115
	<u>20,059</u>	<u>7,629</u>
Long-term debt:		
Bank loans (note 3)	33,893	22,025
6% Bonds, maturing 1980	1,900	2,150
6½ % Debentures, maturing 1980	1,325	1,500
	<u>37,118</u>	<u>25,675</u>
Minority interest in subsidiaries	6,249	4,320
Shareholders' equity:		
Capital stock (note 4):		
Shares of a par value of \$1 each. Authorized		
7,000,000 shares; issued 6,613,575	6,614	6,612
Contributed surplus	1,648	1,628
	<u>8,262</u>	<u>8,240</u>
Retained earnings (note 5)	44,277	37,872
	<u>52,539</u>	<u>46,112</u>
 On behalf of the Board:		
W. S. ROW, Director.		
J. A. HALL, Director.		
	<u><u>\$ 115,965</u></u>	<u><u>83,736</u></u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Year ended December 31, 1972

	<u>1972</u>	<u>1971</u>
	(in thousands)	
Working capital at beginning of year	\$ 20,619	18,523
Funds provided:		
From operations:		
Net income for the year	14,340	5,737
Minority interest in profits (losses) of subsidiaries	1,752	(271)
Charges not requiring cash expenditure — depreciation and amortization	5,040	5,099
	<u>21,132</u>	<u>10,565</u>
Issue of capital stock	22	40
Bank loans	11,868	22,025
	<u>11,890</u>	<u>22,065</u>
Total funds provided	<u>33,022</u>	<u>32,630</u>
Used as follows:		
Property, plant and equipment	17,037	17,932
Dividends paid	7,935	7,932
Preproduction and deferred development expenditures	1,395	4,016
Other (net)	282	654
Total funds used	<u>26,649</u>	<u>30,534</u>
Addition to working capital	<u>6,373</u>	<u>2,096</u>
Working capital at end of year	<u><u>\$ 26,992</u></u>	<u><u>20,619</u></u>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1972

1. Statement Presentation:

In previous years the assets and liabilities and income and expense of the subsidiary companies have not been consolidated with those of the parent although the net income of subsidiaries has been included in that of the parent on the equity basis. Effective January 1, 1972, all subsidiaries have been consolidated fully with the accounts of their parent. The principal operating subsidiaries are Mattabi Mines Limited and St. Lawrence Fertilizers Ltd. The financial statements for 1971 have been restated for comparative purposes; net income as previously reported has not been affected.

2. Change in Depreciation:

In previous years fixed assets at the Mattagami mine and the zinc plant were depreciated at an annual straight line rate of 10%. It is now considered appropriate that the undepreciated balances at December 31, 1971 be written off over seven years and ten years respectively. As a result of these changes net income in 1972 has increased by \$2,564,000 and earnings per share by 39 cents.

3. Bank Loans:

The bank loans outstanding at December 31, 1972 are as follows:

Operating	\$ 3,235,000
Capital	41,893,000
	<u>\$45,128,000</u>

The operating loans are payable on demand and the capital loans are repayable \$2,000,000 quarterly in 1973 and \$2,250,000 quarterly March 31, 1974 to March 31, 1977 inclusive with the unpaid balance due June 30, 1977. The loans are secured by First Mortgage Debentures providing for a first fixed and floating charge on all the property and assets of Mattabi Mines Limited. Payment of dividends or any other distribution by Mattabi on its capital stock may not be made without prior written consent of the banks until the loans are repaid.

4. Stock Options:

Under the provisions of The Stock Option Plan, options on 1,600 shares were exercised during the year for \$21,634 cash of which \$1,600 was attributed to capital stock and

\$20,034 to contributed surplus. At December 31, 1972 options on 18,425 shares were outstanding at prices varying from \$11.69 to \$34.62 for periods up to 1982.

5. Taxes on Income:

(a) For 1972 the companies are claiming capital cost allowances and depreciation which are less than the related amounts in the companies' accounts and provide in their accounts only for the taxes payable on their taxable income for the year. This accounting treatment differs from the tax allocation basis by which the income tax provision is based on income reported in the accounts. If the tax allocation basis had been followed in 1972, consolidated net income would have been increased by \$363,000 (1971 — \$480,000), earnings per share would have been increased by 5 cents (1971 — 7 cents). The cumulative amount of deferred tax credits to December 31, 1972 would have been \$2,573,000 and the minority interest would have been increased by \$304,000.

(b) Under the provisions of Federal and Ontario tax legislation, no income taxes are exigible on the income of Mattabi Mines Limited during exempt periods commencing August 1972 when the mine came into production and ending in December 1973 and July 1975 respectively. For 1972 such exempt income on a consolidated basis was \$2,651,000.

6. Interest on Long-Term Debt:

Interest on long-term debt totalled \$2,534,000 (1971 — \$1,051,000) of which \$1,183,000 (1971 — \$803,000) was included in fixed assets and preproduction and development expenditures.

7. Fixed Asset Additions:

Approved fixed asset additions total approximately \$11,000,000 over the next three years.

8. Remuneration of Directors and Senior Officers:

The aggregate direct remuneration paid to directors and senior officers during 1972 was \$119,300 (1971 — \$112,500).

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Mattagami Lake Mines Limited (No Personal Liability) and subsidiaries as of December 31, 1972 and the consolidated statements of net income and retained earnings and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination of the financial statements of Mattagami Lake Mines Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion, except that the provisions for income taxes and provincial mining duties have not been computed on the tax allocation basis as explained in note 5, and according to the best of our information and the explanations given to us and as shown by the books of the companies, these consolidated financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company and subsidiaries as of December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change in accounting referred to in note 1 to the consolidated financial statements.

Toronto, Ontario
February 19, 1973

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

